Analyst Had ITT's Note Before Writing Report

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A New York investment banker testified yesterday that White House aide Peter M. Flanigan gave him a memorandum prepared by the International Telephone and Telegraph Corp. last year to use in making his own evaluation of antitrust actions against ITT.

Eight days later, the investment banker, Richard J. Ramsden, turned in a report with the same conclusion as the one produced by ITT: that if the conglomerate were forced to give up the Hartford Fire Insurance Co., it would cost ITT stockholders an estimated $1.2 billion and substantially weaken the company's financial position.

RICHARD J. RAMSDEN
... findings exaggerated

Ramsden said Flanigan was "reluctant" to give him the ITT document. On reading it, Ramsden explained, he found it helpful in developing a "focus" for his own report, which he said he prepared independently.

But, Ramsden told the Senate Judiciary Committee, the Justice Department later exaggerated his findings in explaining its rationale for settling the ITT cases rather than appealing them to the Supreme Court.

Former Assistant Attorney General Richard W. McLaren told the committee last month that the Ramsden report was one of four major factors that led to the settlement.

The report helped convince him, McLaren testified, that divestiture of Hartford would have "devastating economic consequences" for ITT.

"That's a little strong," Ramsden said yesterday, when Sen. Edward M. Kennedy (D-Mass.) read back McLaren's testimony to him.

The investment banker, a partner in the Wall Street firm of Brokaw, Schaenen, Clancy & Co., insisted under oath that "Mr. Flanigan made no attempt, whatsoever, to influence my views concerning the matter I was asked to analyze."

Ramsden also said he had no knowledge of any connection between the antitrust settlement and ITT's pledge of at least $200,000 to help bring the Republican National Convention to San Diego this year.

That connection was strongly implied in a memorandum attributed to ITT lobbyist Dita D. Beard and disclosed by columnist Jack Anderson in late February.

The confirmation of Richard G. Kleindienst as Attorney General has been indefinitely delayed pending the outcome of the Judiciary Committee hearings, reopened at his own request after Anderson published the controversial memo.

Yesterday was the 18th day of the reopened hearings and the 20 th altogether on the Kleindienst nomination. That equals the known record for the Senate Judiciary Committee: The 1916 hearings on the nomination of Louis D. Brandeis to the Supreme Court.

Sen. Sam J. Ervin Jr. (D-N.C. declared yesterday that Ramden's testimony "makes it more imperative than ever that Mr. Flanigan appear" before the Judiciary Committee to discuss his role in the ITT settlement.

The White House has declined an invitation for Flanigan to testify, on the grounds that he is covered by the "executive privilege" of the President and his aides.

As a result, a number of influential senators—including Ervin and Senate Democratic Whip Robert C. Byrd of West Virginia—have threatened to block a vote on the nomination "until and unless Mr. Falnigan appears."

In his testimony yesterday, Ramsden said Flanigan was "somewhat reluctant" to pass along the ITT-prepared report on divestiture of Hartford when the two met in Flanigan's White House office last May 12.

When Flanigan did give him the document, Ramsden told the committee, there was no marking on it to indicate that it had been prepared by ITT director Felix G. Rohatyn, who had met with Kleindienst and McLaren in April, 1971.

Ramsden said the ITT documents helped him "focus" on the issues, but he insisted that he reached his conclusions by independent calculations.

The investment banker, who was complimented by Kennedy for his "very candid, terribly helpful' testimony, said he had no idea how Flanigan had obtained a copy of the ITT document.

He also was unable to explain why the Justice Department never contacted him directly about his report, but dealt at all times through Flanigan—for whom he had previously prepared a similar reoprt concerning antitrust action against Ling-Temco-Vought, Inc.

"I had a clear understanding of what I was to do," Ramsden testified. "If Mr. McLaren wanted to contact me, I assumed he would."

Sen. Birch Bayh (D-Ind.) produced a letter at the hearing yesterday from Irwin Friend, a professor of finance at the Wharton School of the University of Pennsylvania, which contended that "the Ramsden report gives virtually no support to the position taken by government officials that divestiture of Hartford might have severely damaged the nation's economy."

At the close of the session, Sen. John V. Tunney (D-Calif.) told reporters that in his view, "clearly the decision (to settle the ITT cases) had been made" before Ramsden's report was even requested.